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Herald Tribune

INTERNATIONAL

هكنا من الأهرام

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Austria... 135 Schilling
Belgium... 240 Francs
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Switzerland... 1.80 Dollars
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No. 32,359

PARIS, MONDAY, MARCH 9, 1987

ESTABLISHED 1887

Ferry Doors Were Probably Open



Survivors of the ferry disaster, wearing donated garments in place of their ruined clothes, arriving Sunday at a mortuary in Zeebrugge, Belgium, to identify bodies of victims.

Water Entered Through Bow; Toll Put at 135

By Peter Maass
International Herald Tribune
ZEEBRUGGE, Belgium — The bow doors of the Herald of Free Enterprise were probably open before the British ferry capsized, officials said Sunday. Fifty-three of the 543 passengers and crew members were killed and 82 are missing and presumed dead.

Belgian government officials and representatives of Townsend Thoresen, the company that operates the vessel, said the doors, which are opened in port to allow cars and trucks to drive onto the vessel, may not have been closed as the 7,951-ton ferry left this port Friday night. It was presumed that water rushing in through the bow caused the vessel to heel over onto its port side within a minute.

A Sloshing Scramble to Survive

The Rescued Recall the Melee After the Sea Rushed In

By Francis X. Clines
New York Times Service
BRUGES, Belgium — In the aftermath of the British ferry disaster, dozens of survivors wandered the halls of the Novotel here, drying their clothes on the balcony rails, weeping into the arms of newly arrived loved ones, fearing for missing family.

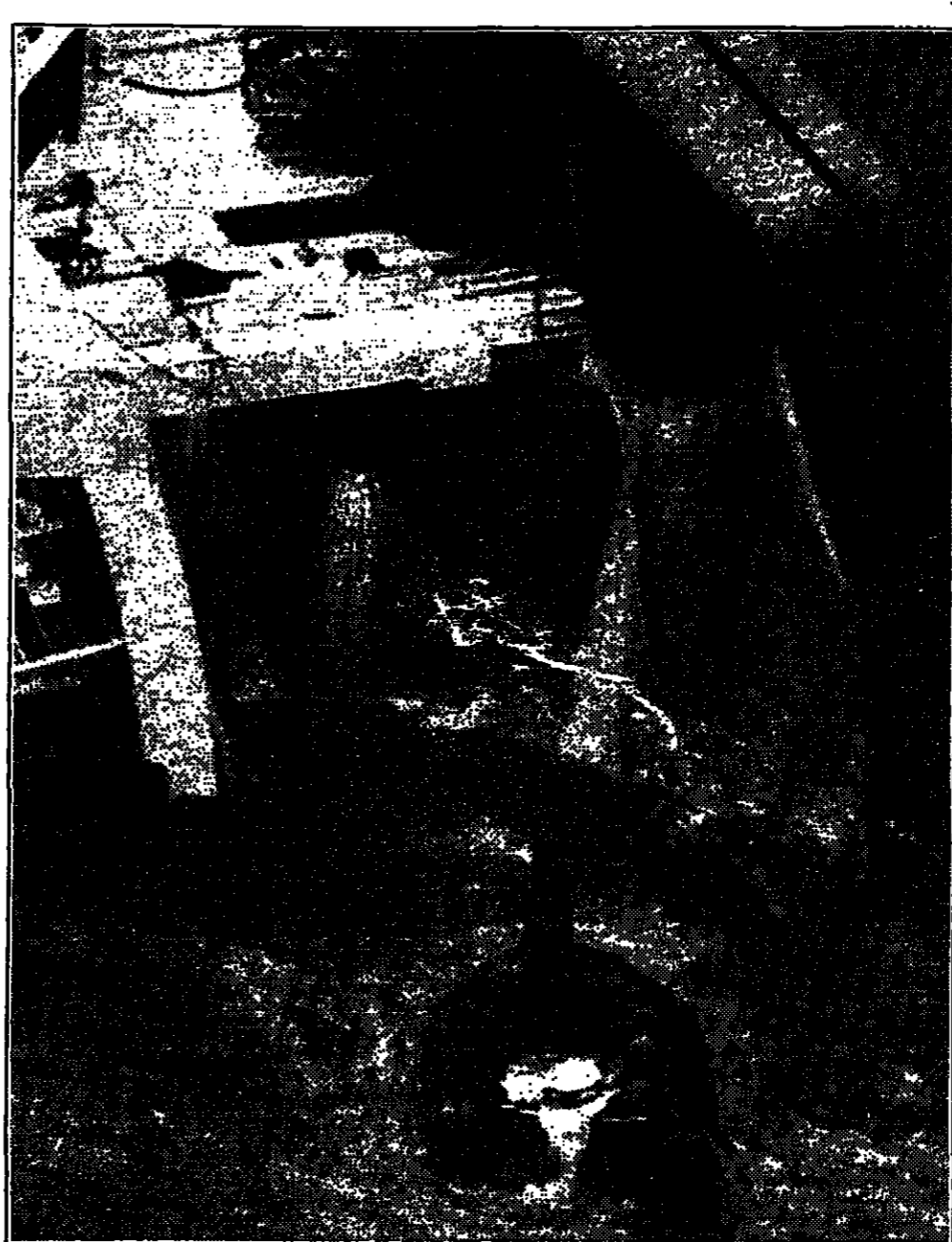


ON PAGE 5
Maritime specialists say the roll-on, roll-off type of car ferry becomes unstable quickly if flooding reaches the car decks.
Tales of heroism abound the stricken vessel seem likely to etch themselves in Britain's national memory.

"I'm so proud of this one," a ruddy-faced man exclaimed out in the hotel's corridor, hugging his daughter with a tearful, wide smile that showed his front teeth had been knocked out on the ferry.

"Every time when the vessels leave the harbor the doors are open," said Valère Vautmans, chief of staff for Belgium's minister of public works. He asserted, however, that it would be "impossible" for water to come in unless the ocean was very rough.

When the ferry tilted over on its port side about five-eighths of a mile (1 kilometer) from Zeebrugge, the weather was calm. The boat, built in 1980, was starting a regular run to Dover, a journey that normally takes four hours.



A frogman in a dinghy approaching on Sunday the capsized Herald of Free Enterprise's open bow doors, which were covered with nets to prevent the escape of the ferry's cargo.

Shultz Hopeful On Arms

Cites Progress At Geneva on Specific Goals

By David K. Shipler
New York Times Service
PALO ALTO, California — Secretary of State George P. Shultz said that enough progress had been made recently in the Geneva arms talks to provide hope that his discussions in Moscow next month can make headway on cutting the number of long-range nuclear weapons in half as well as on eliminating medium-range missiles in Europe.

Mr. Shultz, speaking with reporters Saturday as he flew from Japan to the United States, gave the most optimistic assessment of the arms negotiations since the summit meeting in October at Reykjavik. He said that after months of delay, Soviet negotiators had begun to translate the broad ideas presented in Iceland into specific positions in Geneva. He noted, for example, that if procedures for on-site inspection were agreed upon, for a treaty banning medium-range missiles, they could also be used in a treaty reducing long-range strategic nuclear weapons.

Congressional Investigators to Decide On Immunity for Poindexter, North

WASHINGTON — The chairmen and ranking Republican members of the congressional select committees investigating the Iran-contra affair will meet Tuesday to decide whether to grant immunity to key witnesses, the Senate majority leader, Robert C. Byrd of West Virginia, said Sunday.

Mr. Byrd said in a television interview that it appears that the select committees of the Senate and House of Representatives are moving toward granting limited immunity for Rear Admiral John M. Poindexter, a former national security adviser, and Lieutenant Colonel Oliver L. North, who was dismissed as a National Security Council aide.

Mr. Byrd said that he had spoken with Senator Daniel K. Inouye, a Hawaii Democrat who is chairman of the Senate panel, who had told him "that if the proper definitions and proper conditions are placed on use immunity, that the committee would not be jeopardizing the work of the independent counsel."

LATE NEWS

Shamir Rejects Pollard Probe

JERUSALEM (AP) — Prime Minister Yitzhak Shamir strongly opposed Sunday investigations of the spy scandal involving Jonathan Jay Pollard.

SPECIAL TODAY



Hong Kong's Market Has Gained New Stature

The South China Morning Post says Hong Kong's market has gained new stature among investors. Personal investing, Pages 9-12.

Iran, Syria Near Crisis In Dispute Over Shiites

By Ihsan A. Hijazi
New York Times Service
BEIRUT — A dispute has broken out between Syria and Iran over Iran's support for militant Shiite Muslims who have clashed with Syrian troops enforcing security measures in West Beirut.



In Tokyo, pummeling the Prime Minister. A Japanese housewife hits an effigy of Prime Minister Yasuhiro Nakasone during a demonstration Sunday against a proposed sales tax. The banner on the effigy reads "Liar Prime Minister." The government had promised not to introduce a large indirect tax during last year's election campaigns.

Reagan Implication Feared

Bob Woodward and David Hoffman of The Washington Post reported earlier from Washington: A source close to President Ronald Reagan said Saturday that he "will say he had direction and authority, directly or indirectly" from Mr. Reagan.

Academics Urge End To Apartheid

JOHANNESBURG — Twenty-seven academics at one of South Africa's most influential universities have urged President Pieter W. Botha to scrap apartheid and commit itself to power-sharing with blacks.

BUSINESS/FINANCE

Airbus representatives reportedly said that the consortium has four firm customers for the A-340 jet. Page 13.
Ecuador faces further economic problems after earthquakes paralyzed production and exports of oil. Page 13.

For Moscow's Youth, It's the Rockers vs. the Lyubers

By Bill Keller
New York Times Service
LYUBERTSI, U.S.S.R. — In a jerry-built gymnasium hidden beneath an apartment building in this eastern Moscow suburb, a half-dozen teen-agers are pumping iron. White, well-muscled bodies strain at the homemade squat bars and leg weights, to the beat of pop music from a boom box.

The police prevented a clash Feb. 22 "only with great difficulty," Major General Viktor V. Goncharov of the police was quoted as saying last week by the newspaper Sovetskaya Rossiya.

hippies, punks and other young nonconformists. The authorities condemned the article as sensationalism, and the body-builders say they are up to nothing more menacing than emulating Arnold Schwarzenegger, whose pictures are posted to their basement walls.

have gathered near reported Lyuber hangouts, spilling for a fight. "We will defend Moscow," declared a notice that was circulated in Moscow secondary schools, calling on students to gather for a showdown. Local devotees of the rock music genre known as heavy metal signed a petition saying: "We, Moscow metalists, declare war on the Lyubers throughout the city and district. The press has already given the Lyubers their due. Now it's our turn."

leys among groups of young people and has begun a campaign to provide more acceptable outlets for youthful energy, such as new sports clubs and discotheques.

of national education, Frederik W. de Klerk, announced he was resigning as editor of the Afrikaans-language Sunday newspaper Rapport.

THE NIKKO PERSPECTIVE

ON
WHYThe Securities Industry is Becoming
a Leading Industry in Japan

WHAT FORCES are behind the recent strong performance of Japanese securities companies?

Iwasaki: Three sets of developments have given strong impetus to our growth: developments in international capital markets, growth of the financial asset base in the domestic market, and deregulation and rapid growth of financial markets.

In international capital markets, there has been a strong shift toward securitization. Last year, for example, about 70% of transactions—primarily bond transactions—in the Euromarket were securities-related. Bank loans represented only about 27% of total transactions. Behind this shift toward securitization is an underlying need to adjust flows of funds between creditor and debtor nations. The funding requirements of borrower nations are not likely to subside suddenly. Instead, it has become increasingly clear which nations will be creditors and which will be borrowers. The trend toward securitization is therefore likely to continue for the long term.

Another important development in international capital markets supporting the growth of our operations is the growing importance of institutional investors. In an environment where interest rate and currency risks are greater than before, the role of the professional investor has and will continue to become more important.

Securities are also a more flexible mode of finance when it comes to developing new financial instruments and products. This too has been an important factor supporting the expanding role of securities transactions in the Euromarket and in other major financial markets.

WHAT DOMESTIC developments have boosted Nikko's performance?

Iwasaki: One of the most important has been the growth in financial assets in Japan. According to estimates made by the Nikko Research Center (NRC), expansion in financial assets is outstripping growth in real assets. The NRC forecast for 1987 through 1991 is for growth of 5.2% in real assets. Compare this with forecast growth of 8.6% for financial assets and you can see why growth in the financial services industry is likely to continue at a strong pace. The Japanese economy is shifting to become less of a "goods" economy and more of a "money" economy.

Along with this, we have seen a significant increase in sensitivity to interest rates and profitability of investments among individuals. Although securities still account for only about 20% of personal financial assets, we foresee a growing shift toward securities investments in the years to come. This trend will move in parallel with the growth in securities markets. For example, the volume of Japanese government bonds outstanding now is about \$916 billion, but in five years, this will rise to \$1,300 billion. Another very significant development will be the removal of tax exemptions on an estimated \$2,000 billion in savings beginning in October 1987.

This will lead to some important shifts in the flow of funds and will generate more opportunities for securities companies.

Reflecting the size of financial assets in Japan, which now total more than ¥600 trillion, or about \$4 trillion, Japan has also emerged as the world's leading creditor nation. At the end of calendar 1986, Japan's net external assets amounted to an estimated \$200 billion. By 1991, we believe this total will rise to \$500 billion. At present, about 80% of the increment to net external assets is accounted for by securities investments.

With this momentum behind it and with continuing deregulation, the Tokyo market is expected to move out in front as one of the world's three leading international money and capital markets. Surveys of experts indicate the consensus view is that Tokyo will rise to a position of importance equivalent to London in the near future and, thereafter, reach the same level of importance as New York, essentially propelled by the growth in domestic financial assets and by the growing volume of international transactions.



Takuya Iwasaki

Born in 1928, Takuya Iwasaki joined Nikko Securities in 1954. After having held various operational posts in the trading, underwriting, and other divisions of Nikko, he was appointed president of the firm on December 19, 1986.

WHAT ROLE has expansion in the market itself played in stimulating growth in your operations?

Iwasaki: A big role indeed. The size of transactions volume in the Tokyo market has expanded dramatically along with such developments as deregulation, increased participation of institutional investors, and fluctuations in interest rates and foreign currency valuations. All of these developments have prompted investors to move their portfolios more actively for short-term gains. As Japanese banks especially continue to step up their activities in the market, transactions volume will continue to expand.

Nikko is very well positioned to participate in this growth. For example, in our fiscal year ended September 30, 1986, we increased our equity share trading volume 55%; brokerage commissions rose 42%, setting a new record. The value of our bond transactions rose 116% for the year and revenues grew 38%. We made substantial gains in convertible bond transactions, in bond futures trading, and in the

sale of investment trusts to individuals and institutional investors. In addition, we achieved excellent results in the development and application of new systems, including, for example, use of the new BARRA/Nikko Japanese Equity Risk Model in our Index Fund TSP and Japan Index Fund.

In short, it was an excellent year for us. Revenues were up 50%, to ¥457.1 billion, and net income rose 75%, to ¥82.8 billion, each of which is the highest level in Nikko's history. Reflecting the excellent prospects for growth in our operations, the total stock market valuation of Nikko shares was approximately \$13.1 billion as of the end of 1986, over 268% higher than a year before.

WHAT EFFECTS will increased competition from domestic and foreign securities companies have on your operations?

Iwasaki: As in any growing market, we expect competition to increase. Right now, 36 foreign securities companies have securities branch licenses in Tokyo. We expect that number to rise to 50 before this year is out. Since some of these operations are branches of subsidiaries of foreign commercial or universal banks, we expect Japanese banks will also begin to argue more strongly for permission to set up securities operations in Tokyo. We expect that the number of our competitors will grow and that competition will become tougher in the years to come.

Other developments we have to keep in mind are further deregulation measures, such as the problem of the fixed commission structure and introduction of a shelf registration system.

These developments, along with the sheer growth of the Tokyo market, form the backdrop for our continuing expansion. As Japan becomes an increasingly important exporter of capital and an international financial center, the opportunities will multiply very rapidly. The most important success factors will include having the right strategies and the right set of capabilities to meet the needs of the market as they emerge.

More than ever, we have to stress closeness to the markets we deal in. Growth in revenues and profits will no longer depend on continuing to do things the way they were done in the past but will depend much more on being in touch with the needs of the market and on being able to respond to those needs. Being market-minded, I believe, is a key point we must stress in the years ahead.

WHAT STRATEGIES will Nikko pursue to achieve this market-minded orientation?

Iwasaki: Our ultimate goal, as Japan becomes an increasingly important financial center, is to become a full-service, global financial institution. To accomplish this, I think Nikko must become more active in developing appropriate strategies and implementing them. We cannot afford to maintain a passive approach; we have to move into a more active mode.

I have summarized this in the phrase

Zoshitsu Keiei. The main theme of Japanese companies after the oil crises was what we call *genryo keiei*—that is, managing to eliminate waste in all phases of our operations. I think we need a shift in emphasis now toward upgrading the quality of our operations.

Zoshitsu Keiei means, specifically, managing to upgrade the quality of our personnel resources, our products and services, and our financial position and resources.

People, as anyone in the securities industry knows, are our most important resource. I think Nikko certainly has a highly trained and capable staff. But I think we need to emphasize *Zoshitsu Keiei* through increased training and through stimulating our staff to test the limits of their abilities by giving them increased responsibility. Unless younger people are given the opportunity to try, they will not make either the right decisions or the mistakes that we all learn from. I have forbidden our branch managers to complain about some young people not being self-starters. Instead, I have told them to give these younger people more responsibilities.

To do this, we have implemented changes in operating procedures by having both directors and managers do more to encourage initiative among all levels of staff, thereby realizing our full potential as a company through a fundamental change in the way our professionals approach their work.

Another key aspect of personnel development is evaluation. We are conducting a full review of our compensation and evaluation systems and will make the changes found appropriate for attracting and keeping the best talent.

HOW ABOUT the development of competitive financial products and services? How will Nikko keep ahead in this area?

Iwasaki: Personnel resources are a key factor here also. But development of financial products and services that stay ahead of client needs will require a greater closeness to the market. That is what I mean by being market-minded. Nikko's financial products and services are a crystallization of its know-how and expertise. Investment trust products and swaps are cases in point. But I don't think products that meet client needs can come from sitting, thinking, and waiting for divine inspiration. We have to be in intimate touch with the market, constantly sounding out the needs of our clients. When we know what the market requires, we can develop the proper services. Ideally, we should know our clients and the market so well that we can provide services that satisfy needs that clients themselves are unaware of.

We must also continue to work to improve our capital base and overall financial position. This is because profitability is now essential to generate the confidence of society and our clients.

Given the market opportunities we have before us and the potential of our resources, I believe we at Nikko have the opportunity of a lifetime to be a leader in the financial industry in Japan and internationally.

NIKKO

Nikko Securities

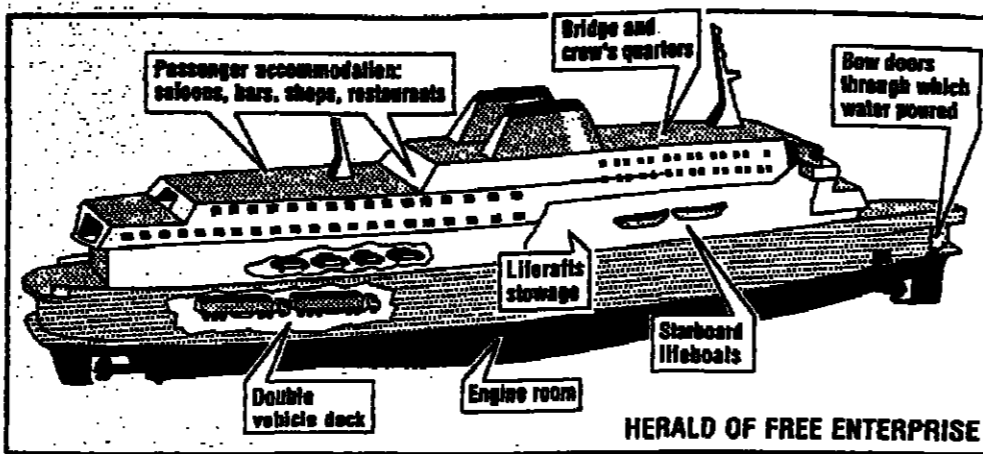
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan

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THE CHANNEL FERRY DISASTER: Stability of the roll-on, roll-off type of vessel is an issue

Open Spaces, Other Features of Ship's Design Questioned

By Steve Lohr
New York Times Service
LONDON — The ferry tragedy outside the Belgian port of Zeebrugge on Friday has raised questions about the design of the roll-on, roll-off type of vehicle-carrying ship involved in the accident...



number usually carried by the Herald of Free Enterprise. The effect of the accident on the ferry industry, which employs more than 10,000 people in Britain alone, is uncertain...

France is that passengers would be engulfed by fire in the event of an accident. Plans call for trains to carry passengers and cars from terminals near the ports of Folkestone, England, and Calais when the tunnel is completed in 1993.

The British government started a preliminary investigation Saturday into why the Herald of Free Enterprise, a British vessel, heeled over and capsized in just over a minute, shortly after leaving the Belgian port on the North Sea.

Independent maritime specialists said roll-on, roll-off ferries become unstable quickly if flooding reaches into the deck areas that hold the automobiles.

The Herald of Free Enterprise, owned by Britain's largest ferry operator, Townsend Thoresen, had two such car decks, which run from one end of the ship to the other.

than ships with deck areas divided by bulkheads. The alternative — placing partitions to separate cars — would make loading and unloading far more time-consuming.

SURVIVE: The Rescued Recall a Scramble for Life

(Continued from Page 1)
pocket," one loudly announced. "With who?" a buddy chimed in, and the group, some with blood on their shirts, laughed in bravado.

After the emergency lights had held for only an instant, according to passengers, the screams of people bobbing in the water could be heard echoing across the ocean pool below, where empty life jackets floated and glowed.

Survivors said they had shared the conviction that the boat was headed deep to the bottom. "I was thinking, 'Will it be quick?'" Mr. Southgate said.

They broke the windows and shouted down, "You're safe on a sand bar!" and "I couldn't believe it," said Rebecca Carbley, an 18-year-old who was aboard with her family on a bargain excursion at \$1.50 each.

FERRY: Water Entered Bow

(Continued from Page 1)
said one potential scenario involves a rapid shift in ballast that caused the boat to lean a bit to port or down in the bow.

The ship's captain, David Lewry, survived the accident. He suffered a punctured lung and was in intensive care in St. Jans hospital in Brugge. A doctor there said Mr. Lewry's life was not in danger.



Prime Minister Margaret Thatcher of Britain hugging Lisa Fisher, 4, at a hospital in Blankenberge, Belgium. Lisa and her parents, Paul and Barbara Fisher, of Northampton, England, were among the survivors of the ferry accident.

For Worried Relatives, A Bitterly Long and Tense Wait for News

By Howell Raines
New York Times Service
LONDON — During the day, emotionally drained relatives of the dozens of passengers listed by the company as missing gathered at the Townsend Thoresen headquarters in Dover and at the Maidstone police station in Kent.

group of 40 to 50 was taken inside the Townsend Thoresen headquarters and lodged in the company cafeteria. "There was a surprising degree of patience displayed," said Major Eric Bentley, the leader of a group of Salvation Army counselors working in shifts at Dover.

INTERNATIONAL CLASSIFIED BUSINESS MESSAGE CENTER
A collection of various business advertisements including: 'START BUSINESS IN Hong Kong', 'IMPORTATION OF MATERIALS', 'YOUR OWN COMPANY IN SWITZERLAND', 'REAL ESTATE SALES', 'FOCH BUILDING', and 'EVOLUTIONARY NEW PRODUCTS'.

AFTER THE WAR WAS OVER
A large advertisement for a book collection of European postwar photographs. It features a large black and white photograph of a destroyed city and the text: 'AFTER THE WAR WAS OVER', '168 duotone illustrations, 32x26cm (12.5x10.25in.)', and 'Available from the International Herald Tribune. Order today.'

Beam your business message to a worldwide audience of 375,500 businessmen and investors.
The International Herald Tribune's Business Message Center appears in the Classified Section every Tuesday, Wednesday and Thursday. It carries ads for a wide variety of products and services (see recent sample selection above).

After The War Was Over
International Herald Tribune, Book Division, 181 Ave. Charles-de-Gaulle, 92521 Neuilly Cedex, France. Payment is by credit card only. All major cards are accepted. (Please note that French residents may pay by check in French francs, at the current exchange rate. We regret that checks in other currencies cannot be accepted.)

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

And What About Israel?

Jonathan Pollard has been sentenced to life imprisonment. He deserved severe punishment. He took money for stealing huge quantities of major U.S. secrets over a period of 18 months.

indicated, the Israelis promoted him. Why? The suspicion is overwhelming that Israel did something terribly wrong and is now covering up and counting on its high strategic and political standing to spare it further costs.

A Third Reagan Term

Now what should happen when you make a mistake is this: You take your knicks, you learn your lessons and then you move on. You put things in perspective. You pull your energies together. You change. You go forward.

the law concerning congressional consultation; it will now be hard not to. The missile defense initiative, while founded in hyperbole, has probably prompted Soviet flexibility on arms control.

A New Role for Italy?

As prime minister, Bettino Craxi brought vitality and a sense of movement to Italy's politics, qualities that had been lacking for many years. Under him the Socialists have begun to emerge as the first non-Communist counterweight to the Christian Democratic Party.

The past three and a half years have been prosperous ones for Italy, as for all of the industrial democracies. The economy has grown steadily. Inflation has fallen sharply, with as much political benefit to the Socialists in power in Italy as to the conservatives in power in the United States, Britain and West Germany.

Other Comment

Europeans Shouldn't Dally The reaction of Western Europe to Mikhail Gorbachev's initiative to eliminate Euro-missiles has puzzled the Russians. The truth is that West Europeans do want a deal, and their sniffling reaction is little more than a negotiating tactic.

too far. It is possible that the negotiations in Geneva will get bogged down if NATO tries to squeeze the Russians too far, and that one fine day we will wake up to find that the nice Mr. Gorbachev has been replaced by a less congenial fellow. So it is important to be clear about what the West wants and then try to achieve it fast.

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OPINION

Look for a Treaty Before Summer's End

By Charles Krauthammer

WASHINGTON — Strange bedfellows. It is not often that you will see the Reagan administration and the Soviet government on the same side of a nuclear debate. It is even rarer to see them arrayed together against a representative (albeit speaking for himself) of the quintessentially moderate Council on Foreign Relations.

But there they were on a television news show last week. In this corner, the director of the U.S. Arms Control and Disarmament Agency, Kenneth Adelman, and the first secretary of the Soviet Embassy in Washington, Vitali Churkin. In the other, William Hyland, former Kissinger aide and editor of Foreign Affairs, the council's magazine.

The issue was Euro-missiles. Mikhail Gorbachev, the Soviet leader, had offered Ronald Reagan what was originally a U.S. proposal: the "zero option," under which the Soviet Union and the United States would withdraw all their intermediate-range nuclear forces, or INF, from Europe.

Mr. Gorbachev's announcement was dramatic because he had been holding an agreement on INF hostage to some U.S. concession on strategic defense. Mr. Reagan refused. Now Mr. Gorbachev announced that he was "delinking" the two issues. You proposed the zero option, he said. We accept. Will you take yes for an answer?

The Western reaction is a fascinating study in nuclear politics. Officially, West European governments have welcomed the proposal. Privately, they are worried that the removal of the Euro-missiles will weaken the American nuclear guarantee that is the pillar of their security.

an undefended America, they choose a nervous Europe. The INF treaty is God's gift to unilateralists tired of having to play psychiatrist and body-guard to allies unwilling to defend themselves.

The coming war among Republicans over INF will not be between pro- and anti-arms controllers. It will be between unilateralists and Atlanticists. Mr. Hyland is not against arms control, but he represents those who see the Atlantic alliance as America's paramount concern. In his memoirs, Alexander Haig called the 1981 zero option "a frivolous propaganda exercise."

Mr. Hyland calls the new proposal "even worse." Why? Because it would "break the link between the defense of Western Europe and American security."

Hard-line unilateralists argue that the purpose of U.S. Euro-missiles is to deter the Soviet SS-20s. If both systems come out, that deterrent function has been fulfilled in a rather convincing way.

No, say the Atlanticists. That is only one purpose. The other role of the U.S. missiles is psychological. It guarantees a "coupling" of the United States to the defense of Europe. "We put those weapons in for political reasons to reassure our allies," Mr. Hyland said. "We put them in because we felt some kind of psychological link was necessary to convince the Europeans that we would come to the defense of Western Europe if necessary, even using short-range or intermediate-range nuclear weapons."

Recasting The Rivalry In Europe

By Jim Hoagland

PARIS — Try to imagine the scene in the Kremlin as Mikhail Gorbachev tells his general staff about his swell idea to rescue Ronald Reagan's presidency, pull nearly 1,000 Soviet nuclear warheads out of Europe and get European countries to think seriously for the first time in three decades about common defense efforts.

"In return, comrades generally, by accepting Reagan's 'zero option,' we will touch off a great theological debate about the 'decoupling' of America and Europe. As Kissinger, Brzezinski and the other strategists are already saying, I am launching a devilishly clever plot to weaken capitalist resolve over the long haul. Is that not worth a thousand of your warheads?"

Either Soviet generals are very different from the American senior officers I have known, or Mr. Gorbachev has persuaded them that he's up to something else. The recent suggestions in this space that Mr. Gorbachev would revise the zero option to include last summer's control summit with Mr. Reagan will have flagged to readers that I think the answer is "something else."

By reviving the zero option, Mr. Gorbachev has marched up to the Rubicon on military strategy. Despite evident dangers for the Atlantic alliance in his latest move, it is in America's interest that he get across and bring his military with him. On the far shore lies a tacit but real acceptance that the Russians cannot achieve the kind of strategic superiority over the United States that they sought in the 1970s with their unrelenting buildup of heavy and mobile missile forces.

The President's Ordeal May Be Merely Beginning

By Tom Wicker

NEW YORK — Despite the Tower commission's report, the popular appointment of Howard Baker as White House chief of staff and Ronald Reagan's artfully crafted and delivered speech last Wednesday, the president's ordeal by investigation is by no means over.

First, as he himself says, the twin scandals of arms to the Iranians and funds to the Contras "happened on my watch." No amount of moving "more furniture" or promises of future reform or calculated imagery can change that admitted fact.

inquiries that are now taking shape have constitutional, public-interest and political reasons to move beyond the Tower commission's self-imposed limitations.

The Senate committee will grant limited use immunity to Oliver North and John Poindexter, the former NSC officials who have refused on Fifth Amendment grounds to give their versions of events. That should open leads to the missing money, since Lieutenant Colonel North controlled one of the Swiss bank accounts at issue.



The New York Times

Israelis Are Endangering the Israeli-U.S. Alliance

By Richard Cohen

WASHINGTON — The Israeli-U.S. alliance, based on mutual admiration, shared values and common strategic interests, is being corrupted by Israel's contempt for American sensitivities.

Israel paid an American to turn spy, staked first claim to Soviet Jews who preferred America over Israel and posted a military attaché in Washington whose record is both controversial and repugnant. If the relationship were a marriage, it would be heading toward the rocks.

know and when he knew it, are entitled to ask the same question of the Israeli government.

In its own way, Israel provided an answer. Rather than punish those implicated in the Pollard case, it rewarded them. For instance, Colonel Aviell Sella, indicted in the United States for allegedly being Mr. Pollard's paymaster, was named to command Israel's second-largest air base.

Pollard Was Israel's Responsibility and Still Is

ISRAEL'S decision to cooperate partially in the prosecution of spy Jonathan Jay Pollard was a blunder. In the process of providing only selective information to U.S. investigators, Israel has seriously strained its relationship with the United States, and an American devoted to Israel has been sentenced to life in prison with virtually no chance of parole.

only 163 of the more than 1,000 documents taken by Mr. Pollard, according to the U.S. government.

Why Wait for Spin-Offs?

In response to the opinion column "SDI Spin-Off Might Improve Life Worldwide" (Feb. 19) by Geoffrey Parfitt, British minister of trade and industry.

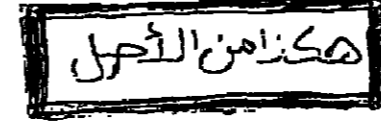
energy collection system. The collector design could be mechanically simple, allowing easy erection in even the most remote parts of the world.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: South Pole Found LONDON — Captain Roald Amundsen announces that he has discovered the South Pole and that his object was attained between the 14th and the 17th of December, 1911.

1937: Japan and China WASHINGTON — Foreign Minister Naotake Sato's speech before the Diet in Tokyo (on March 9) was greeted with reserve here. It was pointed out that the turnover in Japan's foreign policy was probably connected with the Japanese-German entente.

Financial market data table including exchange rates, interest rates, and other economic indicators.



Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel: 01-623-1277. Prices may vary according to market conditions and other factors.

Dollar Straights

Table with columns: Issuer, Con Mat Price, Yld, Bid, Offer, and various bond entries for Australia, Canada, and other regions.

American Exchange Options

Figures as of close of trading Friday.

Large table of American Exchange Options with columns for Call/Put, Strike Price, and various option contracts.

Chicago Exchange Options

Figures as of close of trading Friday.

Large table of Chicago Exchange Options with columns for Call/Put, Strike Price, and various option contracts.

France

Table of bond prices for France, including various government and corporate bonds.

Japan

Table of bond prices for Japan, including various government and corporate bonds.

Sweden

Table of bond prices for Sweden, including various government and corporate bonds.

DM Straights

Table of DM Straight bond prices for various European countries.

DM Straights

Table of DM Straight bond prices for various European countries.

DM Straights

Table of DM Straight bond prices for various European countries.

DM Straights

Table of DM Straight bond prices for various European countries.

DM Straights

Table of DM Straight bond prices for various European countries.

DM Straights

Table of DM Straight bond prices for various European countries.

FROM 1875...

MONDAY, MARCH 9, 1987

EURO

Given Choice Investors Rush

PARIS — After a week of... The statement... The late work...

ALTHOUGH SOME... The Australian dollar market...

DM Zero Coupons... The State Bank of South...

Last Week

DM Zero Coupons

ECU Straights

WestLB

WestLB Fixed Income and Equities Trading for dealing prices call:

WestLB International S.A. 32-34, boulevard Grande-Duchesse...

WestLB Westdeutsche Landesbank

Table of financial data including interest rates and market values.

PERSONAL INVESTING

FOCUS

Futures Markets: A Contract Glut

ON PAPER, THE PRODUCT looked terrific: a futures contract based on the U.S. Consumer Price Index... The CPI futures are hardly alone in their fate...

NEVERTHELESS, THE NATION'S competing options and futures exchanges continue to churn out a parade of new instruments... The American Stock Exchange, which also trades options on stocks...

DESPITE THE MIXED PERFORMANCE, the parade shows no signs of stopping anytime soon. The Board of Trade's plans have a decidedly international flavor...

UPDATE

Sterling's Rise

IN THE ABSENCE of the speculative fervor that prevailed before last month's vague Group of Five agreement to stabilize the dollar, currency markets are turning their attention to fundamentals...

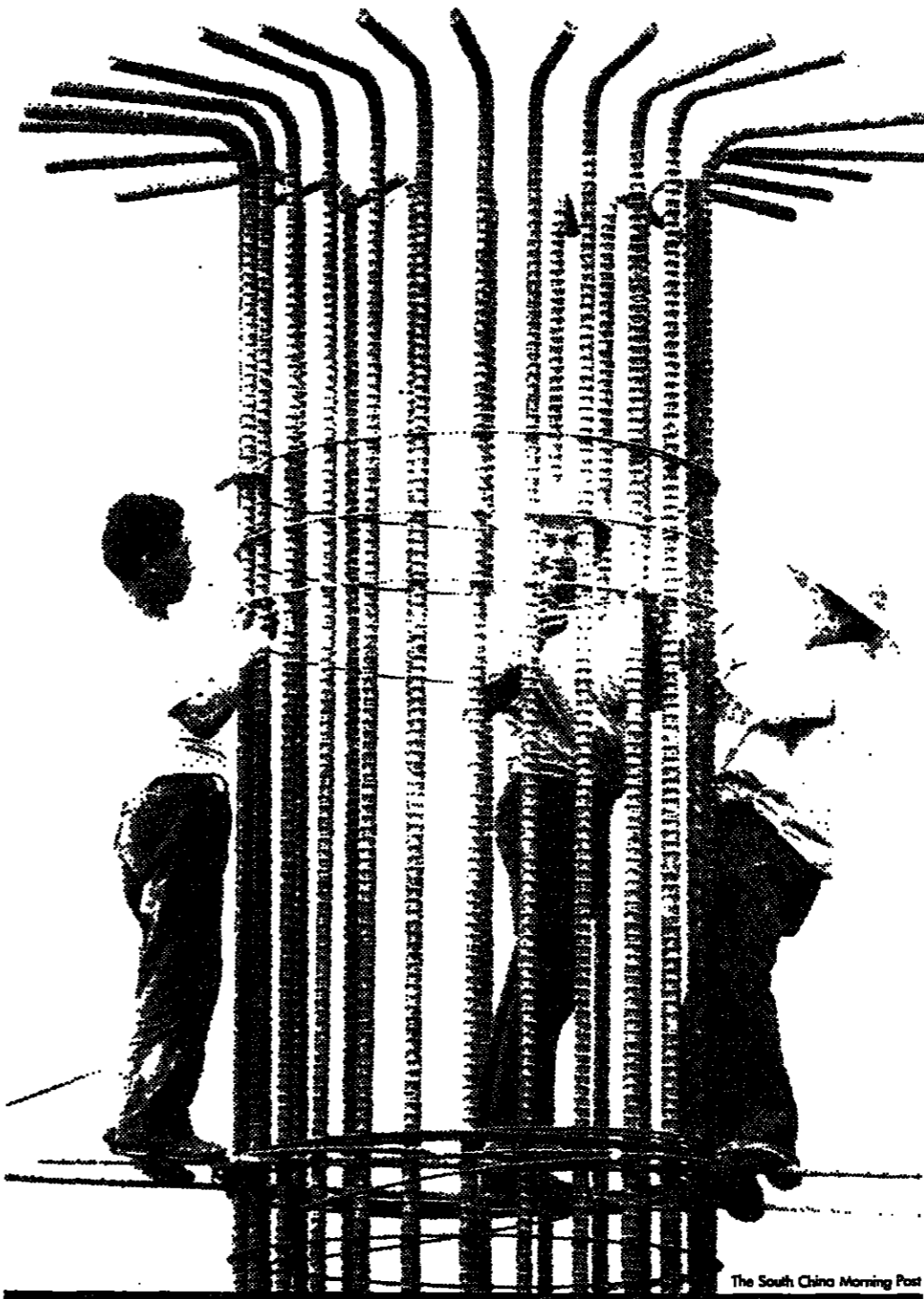
Hong Kong's New Stature Among Investors

Anxieties about the future have been put aside as the rally charges ahead.

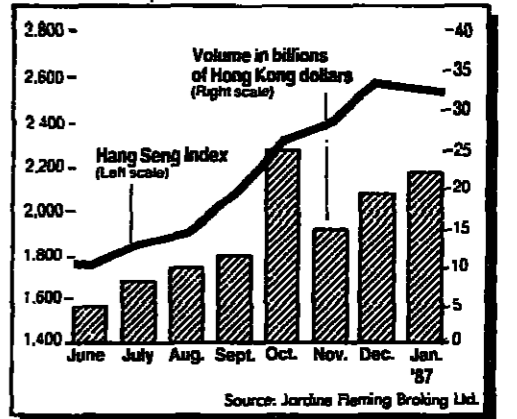
By Patrick Smith

IN THE CROWDED FINANCIAL DISTRICT known simply as Central, market talk is on everyone's lips these days. Stock tickers in the windows of local banks draw swarms of investors at lunch hour...

These are boom times for the Hong Kong stock market. The local Heng Seng Index, which has been challenging its record regularly in recent weeks, has risen 60 percent since mid-1986...



The South China Morning Post



Workers tying up reinforcement rods at a Hong Kong building site. Property stocks account for a big portion of the stock market's capitalization.

sellers a year ago, they have now joined foreign buyers in pushing up stock prices. Hong Kong has positioned itself well for the current equity boom... Reflecting the gradual modernization of management techniques among local companies, more of them are also coming to the market...

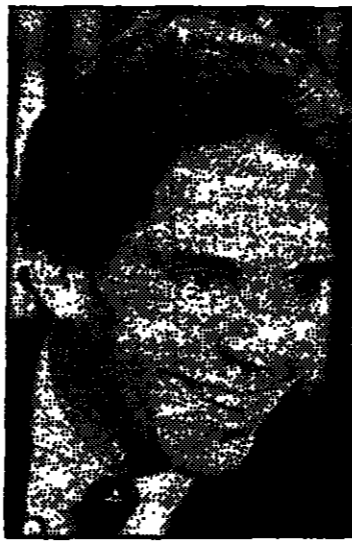
Finding Winners In the Profit Race

Earnings look healthy, but beware leaning too heavily on the forecasts.

By Alex Barnum

CORPORATE PROFITS, until recently only a side show in the stock market's long-running rally, have become the main attraction on Wall Street...

Since the beginning of the bull market in 1982, Standard & Poor's list of 500 companies has posted average annual earnings increases of 3.7 percent. By contrast, profits are expected to rise 16.7 percent this year to \$17.09 a share...



Martin D. Sass: 'The cycle will pick up for the computer industry.'

The market's emerging stars are corporations that have gone through the painful process of restructuring and streamlining while dramatically improving profit margins. 'A lot of companies,' says Alan Greenspan...

An 18 percent rise in profits for companies included in the S&P 500 index compared with the actual gain of 3 percent, according to IBES. 'In a classic bull market,' notes Steven G. Einhorn...

THE QUALITY OF EARNINGS is also important. International Minerals & Chemicals Corp., a major fertilizer maker, recently topped a list of companies that analysts believe will have the biggest increase in profits in 1988...

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PROFILE

A Jardine Fund Manager's Ebullient View

Alan Smith's portfolio is built around a core of property companies.

By Patrick Smith



Alan Smith: On a risk-reward basis, Hong Kong is an excellent investment.

HA VE A LOOK AT THIS," Alan H. Smith tells a visitor to his office high above Hong Kong's expansive harbor. With his usual ebullience, the managing director of Jardine Fleming Holdings Ltd. slides a 64-page research report, covering Hongkong & Shanghai Banking Corp., across his conference table.

"How far has this market come?" the 43-year-old portfolio manager asks rhetorically. "Ten years ago we might have put out two pages on the bank — not much more than a description of its branch network. That's one measure."

It is a measure, too, of how far Jardine Fleming has come since it was founded 17 years ago as Hong Kong's first home-grown merchant bank. "JF" as the firm is commonly known here, has grown into a diversified financial institution. But fund management has emerged as its core business, and that is where much of its recent success has been.

Assets under management grew by 75 percent last year, to \$3.5 billion. Of Jardine's 15 funds, four were among the world's top 12 performers, according to an annual survey conducted by Lipper Analytical Services. All four were invested in Asia.

Mr. Smith, who taught commercial and company law in Nairobi and at Hong Kong University before joining Jardine Fleming in 1973, believes the JF Hong Kong Trust, with assets of \$115 million, would also have made the top dozen had it enjoyed the exchange-rate gains available to yen-denominated funds. As it was, the Hong Kong fund appreciated by 67 percent last year, outpacing the Hang Seng index by almost 20 percentage points.

Although he declines to forecast the Hang Seng's future level, Mr. Smith is confident that it will continue its climb, citing expected strong corporate results this spring that should reduce many price-earnings ratios. As a measure of this confidence, almost one-fifth of the funds JF manages are in the Hong Kong market.

"There's still quite a lot to go for," he says. "At the moment, I see no problems through the third quarter. But let's look again then to see if there are any clouds."

Among the possible clouds are a resurgence of protectionist measures aimed against Hong Kong. Joins from China

Hong Kong after 1997, when Britain's colonial leases will expire and China will assume sovereignty over the territory. Only two months ago, the forced resignation of Lin Yaobang as head of the Chinese Communist Party sent the market down 160 points in less than two days, although it quickly recovered. "Local money views 1997 in a personal light, while overseas investors look at it from some distance," Mr. Smith says. "But that's suitable from both points of view, I think."

The risks in each case are different. Local investors, says, should begin to diversify out of Hong Kong "with a typical overseas fund may have a Hong Kong exposure of as much as 5 percent of its total assets. From a risk-reward perspective, Hong Kong is an excellent investment," Mr. Smith asserts. "It's a bit above average as a risk and well above average in terms of its rewards."

As Jardine's recent research effort suggests, Hongkong & Shanghai Bank is high among the stocks Mr. Smith favors. Although he is lukewarm on the sector as a whole, he believes the bank will improve its performance after several years of loss provisions for bad loans in real estate and shipping.

BUT LIKE MOST OTHER fund managers, Mr. Smith is now building Jardine's portfolio around a core of property companies that are positioned to exploit Hong Kong's current environment of low interest rates, low prices and high rents.

Among his selections: Hongkong Land, which is due to complete another of its prime commercial office towers by the end of next year, and Cheung Kong (Holdings), the vehicle of the real estate magnate, Li Ka-shing.

Real estate investors are enjoying positive returns — and that's in contrast to most other markets," Mr. Smith says. "As for Li, he has a proven touch for property in both bull and bear environments."

Among the less prominent properties, Mr. Smith mentions Hang Lung Development, Sun Hang Kai Properties, and Sino Land. The last, he says, has substantial interests in the so-called "new towns" that are springing up in Hong Kong's outlying areas.

In the services sector, Mr. Smith is concentrating on Cathay Pacific Airways and Dairy Farm, the Hongkong Land food-retailing subsidiary that was recently spun off. Apart from its own strong growth record, he says, he likes the 50 percent share Dairy Farm has in Maxim's, a fast-expanding restaurant chain.

Mr. Smith is similarly attracted to Cafe de Coral, a Chinese fast-food chain that was founded in 1969 and went nowhere until a few years ago. Now it is booming, a reflection of evolving tastes among Hong Kong's trendy young.

Industrials? "As a whole the sector has a bad name, and they're not for everyone to follow," Mr. Smith says with a smile. "But if you get your timing right, they can be very rewarding."

One manufacturer Mr. Smith mentions happily is Lai Sun Garments, which has recently diversified into property development, in addition to the textile business it does selling the large share of valuable textile quotas to which it is entitled. "We bought it a year ago at 7" Hong Kong dollars," Mr. Smith says. "It's now over 70."

Hong Kong's Allure for International Investors

(Continued from Page 9)

national companies doing business on the mainland.

Such ambition is a very long way from the casino-like environment for which Hong Kong has been known since its first exchanges were established early in this century. Almost from the first, trading has been dominated by local speculators who viewed share trading as a kind of informed gambling.

Busts have followed booms at regular intervals. In 1973-74, for instance, the Hang Seng went from a record 1,775 to 150, a casualty of massive overbuying and the first oil crisis. The market took a similar, though less severe, tumble in 1982, when the property market collapsed and the question of Britain's colonial leases was first raised in Beijing.

With history in view, perhaps, market observers are near-unanimous in cautioning that Hong Kong is far from a fully developed market. Insider trading, which is not yet a punishable offense, apparently remains widespread. Speculation — currently centered on 20 or so "entrepreneurial" stocks from Australia and New Zealand — is still a powerful force.

The market also remains heavily weighted in favor of banks and

international companies doing business on the mainland. Such ambition is a very long way from the casino-like environment for which Hong Kong has been known since its first exchanges were established early in this century. Almost from the first, trading has been dominated by local speculators who viewed share trading as a kind of informed gambling.

'Should Hong Kong be trading at 15 times earnings when Tokyo is at 50 and Singapore at 30?'

"If we hit 3,600 by midsummer, I'd say we'd topped out for the year," says Robert Thomas, director of investment management at Jardine Fleming Holdings Ltd. "If we reach that point by year-end, I'd be quite comfortable with it."

Already traders are showing some signs of fickleness. After reaching 2,939 last Tuesday, the Hang Seng dropped suddenly by 140 points, ending the week at 2,798.64.

The decline was widely attributed to the poor reception given to the restructuring of Hongkong Electric Holdings, one of two local utilities. But the question of whether the market has begun a broad retreat now hangs in the air like fog.

Real estate shares are now at the center of most portfolios. The reason is simple. While rents have risen some 50 percent since 1984, prices are up only 25 percent to 30 percent. With the local prime interest rate at 5 percent, yields on prime commercial and residential property are currently as high as 10 percent.

Reflecting a resurgence in consumer spending, service companies — restaurants, supermarket chains, clothing retailers — are also favored. So is Cathay Pacific Airways, Hong Kong's unofficial flag carrier, whose shares were offered to the public only last year.

The Hong, or old-line British trading houses, and utilities remain highly popular, and some analysts include a few industrial shares among their choices. The threat of protectionism, it is generally reasoned, is receding for Hong Kong; it is time to look beyond the reputation for instability that manufacturing shares have long had.

"Industrials are trying to prove themselves," says Mr. Thomas of Jardine Fleming. "And institutional investors are beginning to take them more seriously."

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REAL ESTATE

London In Real Defy Gr

By Jeff H

NURSES

profit-Drive

OIL & SINTER LONDON

The eight international survey in the Far East... (rest of the text is too small to transcribe fully)

هكذا من الأهل

REAL ESTATE

London Prices In Real Estate Defy Gravity

By Jeff Ferry

BRITISH NEWSPAPERS RECENTLY criticized a London real estate agent for asking the equivalent of \$52,000 for a broom closet that had been converted into a studio apartment. But the same day that the article appeared, the converted closet, desirably located opposite Harrod's department store, was sold to a woman who said she thought it was a good buy.

It was just one more example of how the London residential property market continues to defy gravity. The end of the boom, predicted at the time of the recession of the early 1980s, and again when oil prices dropped and Arab buyers deserted the market, obstinately refuses to arrive. Indeed, optimism about the market is higher than ever.

"For the past five years, property in central London has risen by 25 percent a year on average," says George Pope, chairman of the London real estate agency, John D. Wood & Co., "and so far, the year of 1987 looks like it will see a similar performance."

Robert Ringrose, property analyst at the stockbrokerage Phillips & Drew, says the two most crucial factors for London property prices this year are interest rates and the outcome of the British elections that are widely expected in June. With a consensus that interest rates are headed downward, and with polls showing the Conservatives likely to win re-election, the outlook is decidedly upbeat.

For foreign investors considering London, the exchange rate is the main uncertainty. Gavyn Davies, chief U.K. economist at Goldman, Sachs, says he expects the rate to fall "gradually, but not dramatically" over the next two years to a range of \$1.20 to \$1.30 to the pound from the current \$1.50-\$1.55 level.

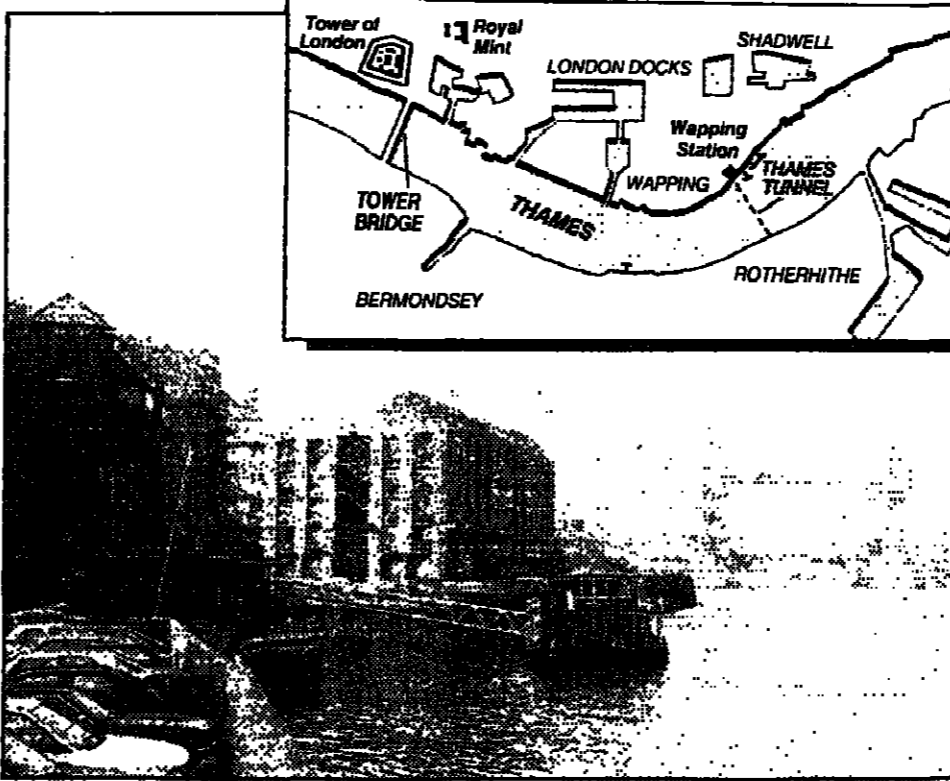
The decision on where to buy property in London breaks down into two broad choices. The first alternative is the traditional upmarket areas, where prices are already high and further appreciation seems likely. The second are those areas, mostly immediately surrounding the financial center in the City of London, where the initial outlay is lower and the risks greater, but the potential for large capital appreciations is regarded as quite good.

London's "Big Bang" of financial deregulation has revived almost overnight a number of formerly run-down areas around the "golden square mile" of the City of London. The expansion of overseas banks and brokerage houses has brought in thousands of well-paid foreigners. Increased competition for personnel has pushed salaries in financial services to unprecedented heights.

In addition, a shift to longer working hours has intensified the demand for housing close to the City.



New Concordia Wharf development in the Docklands area, shown by inset. Tower Bridge is in the background.



Becoming a Landlord

Buying property in London and renting it out can be rewarding, provided the owner is aware of the peculiarities of the British rental market. Carelessness can be costly. Under the British Rent Acts, it may take several generations before an apartment can be let at a profit.

Another problem is income tax. The British Inland Revenue requires letting agents pay a withholding tax of 29 percent on all rental income, even if the property owner is overseas. But a good letting agent and accountant can help minimize the amount of tax withheld.

Letting agents caution that estate agents whose interest is in selling a property are apt to overstate the existing rental value of a property. It is best to get an independent estimate, a service most letting agents will provide with no obligation.

To get around this, most landlords will only let flats to companies. A "company" can be arranged by a good lawyer or a letting agent with experience in finding tenants. Another option is to draw up a lease and sell. For this service, a letting agent normally charges 30 percent of the rental income. For 15 percent, the agent will manage the property as well, which includes paying the bills and arranging maintenance.

Many experts expect a boom in rents over the next two years. The average return on a good central London property ranges from 5 to 7 percent of the capital value.

Covent Garden is another area where a good location has pushed up prices, and encouraged renovation, giving a further boost to prices. Mr. Harris notes that areas such as Bloomsbury are much better served by amenities such as gardens, public transport, and good shopping facilities than areas to the east, such as Docklands or Hackney. The same is even truer of the traditionally upmarket areas further west, including Kensington, Chelsea, and Holland Park. Mr. Ringrose, of Phillips & Drew, argues that in view of the international profile of London's property buyers, these are the safest investments.

BOURSES

Profit-Driven Strategies

(Continued from Page 9)

And some of the industry leaders have price-earnings ratios well below average.

After loading up with several of these "lean and mean" companies, Mr. Sass likes Weyerhaeuser Co. the most. Recently restructured, Weyerhaeuser "is poised for a break," he says, with an expected 96 percent increase in earnings this year.

Noting that forest products will benefit from a better economy and a declining dollar, Mr. Einhorn of Goldman, Sachs suggests Union Camp Corp., which should boost profits by 66 percent to \$4.80 a share, and Westvaco Corp., for which he expects a 26 percent rise to \$3.15 a share.

According to Francis Cabour, manager of Fidelity's \$3 billion Puritan Fund, another buy in forest products is Boise Cascade Corp. Analysts recently revised their 1987 earnings estimates for Boise Cascade up to an average \$5.17 a share, a 56 percent increase over last year. "The paper products industry," Mr. Cabour says, "is the best in terms of profit growth."

For the most part, though, the market is "benefit of sleepers," complains Mr. Cabour, who has been taking profits on some issues. Among the few stocks he likes is the radically streamlined Canadian Pacific Ltd., the transportation company, which is expected to see its net income grow by 175 percent this year.

AIRLINES ARE ALSO POPULAR among analysts because of industry consolidation and low energy costs. On the top of that list is AMR Corp., the holding company of American Airlines. More or less in line with the consensus, Mr. Einhorn projects profits this year of \$5.50 a share, a 19 percent increase over 1986.

Technology stocks are well-positioned for a comeback, too, analysts say. Mr. Einhorn likes Digital

Great Expectations

Table with 2 columns: Company Name and Comments. Includes entries for IBM Corp., Digital Equipment Corp., and others.

Equipment Corp., with an estimated earnings gain this year of 68 percent to \$8.10 a share. Of 35 analysts following DEC, 28 recently increased their estimates for this year's profits.

"The cycle will pick up for the computer industry," agrees Mr. Sass. With projected earnings of \$8.75 a share next year, he notes, IBM Corp. is selling at 15 times projected 1987 earnings, "a discount to the market multiple."

David Alger, director of research at Fred Alger & Co., suggests Ashton-Tate Co., the software producer. Another rapidly growing company, Ashton-Tate's per-share earnings are expected to rise 42 percent this year to \$1.74. Assuming a P-E of up to 25, the potential appreciation is 60 percent.



Paul Lachausse, First Vice President, International Commercial Division, with Robert Schenker, Senior Vice President, Commercial Division.

Swiss Bank Corporation and export financing.

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OIL & MONEY IN THE EIGHTIES. LONDON, OCTOBER 22-23, 1987.

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BOURSES

'Converts' Find a Following

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Convertible gives the holder a fixed rate of interest with the right to turn in the security for a specified number of common shares.

Income-oriented investors are particularly drawn to convertibles now that the rise in share prices has reduced the average dividend yield on stocks to about 2.6 percent.

The demand for convertibles has been so strong, though, that the recent spate of new issues offers few bargains, say specialists.

In addition to call provisions, specialists in convertibles take a look at the trade-off between the yield and the conversion premium.

Market Scoreboard

Stocks on the New York, London and Tokyo exchanges that showed the largest percentage gains and losses in February.

Table with columns: Percent Gain, Price Feb. 27, New York Stock Exchange, Percent Loss, Price Feb. 27. Lists various stocks like A.H. Robins, Toll Brothers, News Corp.

Table with columns: Percent Gain, Price Feb. 27, American Stock Exchange, Percent Loss, Price Feb. 27. Lists various stocks like Comp Inc., Taiwan Fund, Sargol Fund.

Table with columns: Percent Gain, Price Feb. 27, Over the Counter, Percent Loss, Price Feb. 27. Lists various stocks like Daxor, Imreg Inc. Class A, Chemlawn.

Table with columns: Percent Gain, Price Feb. 27, London Stock Exchange, Percent Loss, Price Feb. 27. Lists various stocks like Wellcome, Assoc. British Ports, Hillside Holdings.

Table with columns: Percent Gain, Price Feb. 27, Tokyo Stock Exchange, Percent Loss, Price Feb. 27. Lists various stocks like Kobe Steel, Ajinomoto, Sumitomo Chemical.

Junk Bonds Make a Comeback

By Anise C. Wallace

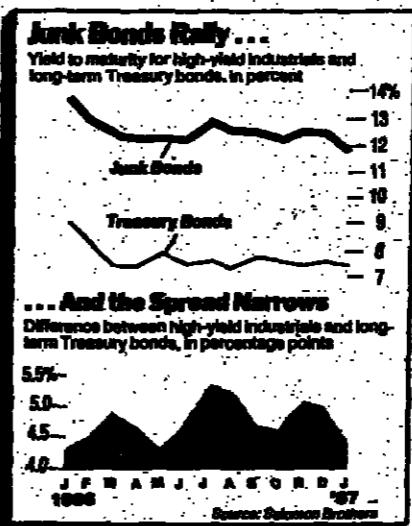
IN THE WEEKS AFTER the Iran F. Boesky scandal broke, junk-bond prices dropped sharply as buyers all but disappeared.

But while those fears have not evaporated, the junk-bond market has roared back. Bond prices have surged, and the yield spread between junk bonds — rated Ba or lower by Moody's — and long-term Treasury issues has narrowed to about 4.5 percentage points.

Because of the rally, fewer bargains are available — a sharp contrast from December, when investors were predicting the fall of the junk empire.

Why the recovery? Experts cite two factors: First, investors are increasingly confident that the junk market will survive the insider-trading scandal, even if some of the market's participants do not.

The money pouring into junk bonds comes from both institutions and individual investors. Last month, for example, more than 100 institutional investors showed up in New York for a meeting held to promote Holiday Corp. junk bonds.



Yield to maturity for high-yield industrial and long-term Treasury bonds, in percent.

Rowe Price high-yield bond fund has made it this year's most popular choice among the Baltimore firm's fixed-income mutual funds.

All this renewed interest has made some seasoned investors jittery. Some experts point out that many smaller insurance companies and savings and loans are jumping in to buy junk without understanding the risk.

But even more worrisome to some are the continuing questions surrounding Drexel. If the firm, and/or its junk-bond pioneer, Michael R. Milken, become paralyzed by the scandal, Drexel may be unable to create an orderly market.

In Vienna, the Party Hits a Lull

By Ferdinand Protzman

AFTER TWO YEARS of heady advances, the Vienna Stock Exchange seems destined for the doldrums.

Equities analysts are forecasting lower prices and volume, as the boozie struggles to adjust to slower domestic economic growth, diminished foreign participation and the strong Austrian schilling.

In 1987, investors will earn considerably less in the Vienna stock market than in 1985 and 1986, says Gerhard Grund, who heads the securities trading department of the Genossenschaftliche Zentralbank AG.

The Creditanstalt Index, the most-watched measure of the Vienna exchange's performance, has already dropped to a level of 204.36 on Friday, compared with a reading of 231.99 at the beginning of the year.

The declines so far this year contrast sharply with the market's performance in the recent past. The once moribund exchange surprised the world in 1985 as share prices rose a stunning 130 percent to top all global equity markets.

In 1986 prices fell as many investors took profits, but volume rose 50 percent and 10 new issues were introduced. Those achievements were all the more remarkable considering the old-fashioned trading procedures that had prevailed since the fall of the Hapsburg monarchy in 1919.

"It is unfair to measure the market against 1985," says Alfred Regele, director of securities trading for Creditanstalt-Bankverein, Austria's largest universal bank.

to cover losses and finance restructuring measures. The government is also planning plans for tax reform and spending cuts, but no significant action is expected before 1989.

While Austria has yet to release gross national product statistics for 1986, most economists believe that GNP growth was around 2 percent, down from 3 percent the previous year. For 1987, initial estimates are for GNP growth between 1.5 and 2.0 percent.

On the plus side, interest rates are relatively low, with the nation's discount rate now at 3 percent. Inflation is also low. After a 1.7 percent inflation rate in 1986, economists are predicting a slight increase to 2.5 percent in 1987.

Despite the lackluster economic outlook, analysts say the market is in much better shape now than it was before the boom. The exchange's total capitalization rose to \$4 billion schillings in 1986 from 74 billion schillings in 1985, while the number of Austrian stocks traded rose to 63 from 51, and the number of foreign stocks rose to 25 from 26.

A HANDFUL OF domestic issues, such as Creditanstalt, account for the bulk of daily trading, which has had average volume of about 38 million schillings in recent weeks.

Creditanstalt is cautiously recommended as a buy, although analysts note that the bank had delayed a recent share issue because of the market's general weakness.

Of the other banks, Oesterreichische Landesbank AG and Genossenschaftliche Zentralbank are seen rising against the trend in 1987.

might step in to fill the void, they would mop up only the best of the junk bonds and leave the ones "no one wants to touch," suggests Michael Metz, investment strategist at Oppenheimer & Co. in New York.

Perhaps the biggest worry for the junk-bond market is a possible recession, which would render many of the highly leveraged companies that have issued the bonds unable to meet interest payments. In fact, investors who specialize in junk bonds admit that this risk is greater than the risks facing Drexel.

"The risk you take is credit risk," says Talton R. Embry, president of New York's Magellan Asset Management.

Robert Wallace, president of Gateway Advisors in San Jose, agrees. "The default rate for junk bonds in 10 years will look different than it does today," he says, suggesting that the rate will increase because of economic problems in specific industries such as energy, steel and containers.

ASA RESULT, Mr. Wallace, whose off-shore mutual fund and private accounts have advanced in value almost 20 percent since the beginning of the year, is concentrating on the junk-bond issues used to finance mergers and corporate restructurings and spin-offs.

He cites as examples the securities issued by Holiday, Owens Corning and Beatrice. "If readers reading all the published material, available about the mergers," he says.

Many professionals are avoiding the junk issues with extremely high coupons — 14 percent or greater — because of the likelihood that they will be called in the next few years, as companies try to replace this high-cost debt with lower-yielding issues. If that happens, investors then will have to reinvest their proceeds in issues with much less return.

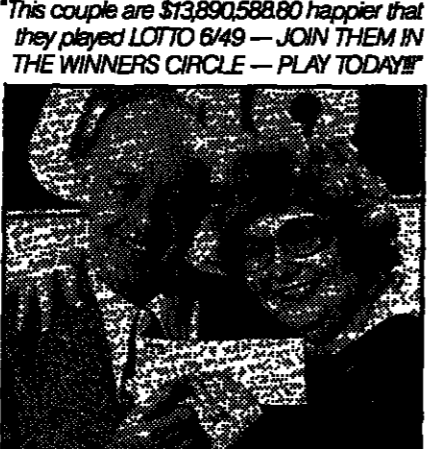
And, after the bankruptcy of LTV Corp., many also are avoiding junk bonds of companies in troubled "smokestack" industries such as steel.

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Table for marking lottery numbers on game boards, showing columns for numbers 1-49 and rows for different game boards.

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Vertical sidebar containing various financial news snippets and market data, including 'GIVEN CHOICE INVESTORS R...', 'ALTHOUGH SOME...', and 'Last Week'.

FROM 1875... REW MONDAY, MARCH 9, 1987

EUROBONDS

Given Choice in Issue Surge, Investors Rush for Sterling

By CARL GEWIRTZ International Herald Tribune

PARIS — After weeks of effort to regain its past momentum, the Eurobond market sprang to life last week with a dazzling array of currencies. The standout sector was sterling, where the currency, buoyed by firmer oil prices and expectations of lower interest rates, gained more than 2 percent against the dollar and Deutsche mark.

In sterling, Deutsche Bank got a long maturity and a cheaper rate

U.S. Halts TWA Bid For USAir

First Plan Fails To Meet Rules

By Agis Salpukas New York Times Service

NEW YORK — The U.S. government has dealt a significant setback to Carl C. Icahn's attempt as chairman of Trans World Airlines to gain control of USAir Group Inc.

Bell Finds Ideas Alone Don't Pay

Labs Learning Importance of The Marketplace

By Michael Schrage Washington Post Service

NEW YORK — If there's a single place that symbolizes U.S. scientific brilliance and high-tech ingenuity, it is Bell Laboratories.



Researchers at Bell Labs working on computer chips.

development who left in 1985 to become a principal in Management Analysis Center, a consulting firm in Cambridge, Massachusetts.

Planned Airbus Said to Have 4 Firm Customers

By Warren Geuder International Herald Tribune

LONDON — Airbus Industrie representatives have said that the European aircraft consortium has four firm launch customers for its planned A-340 long-haul jet, sources at British Aerospace PLC, an Airbus partner, said Sunday.

With four major launch customers apparently in hand, Airbus's supervisory board, at a meeting on Friday in Toulouse, France, is expected to urge sponsor governments to commit themselves to aid for the new planes.

ALTHOUGH SOME currency dealers had predicted that the vague communiqué after February's meeting of finance officials would result in a quick test of official resolve to support the dollar, it now appears that the foreign exchange market is about to test their tolerance of a higher dollar.

In any event, for foreign investors buying dollar paper, the gain in the foreign exchange market counterbalanced the fall in bond prices.

Quakes Jolt Ecuador Into an Economic Crisis

Members of the Organization of Petroleum Exporting Countries, already had been reeling from the recent slump in world oil prices, which cut export income by about a quarter to \$2.18 billion last year.

As a result, the government blemished its once clean record in servicing its \$8.16 billion debt. On Jan. 31, it suspended interest payments to its 400 or so bank creditors, to whom it owes about \$5.4 billion, and said it would limit payments to other creditors to 30 percent of export income, compared with 45 percent in 1986.

OPEC Chairman Expects Quota To Remain Same

LAGOS — Rihwanu Lukman, OPEC's president, said Sunday that OPEC had carefully worked out its ceiling of 15.8 million barrels per day and might not consider a reduction soon despite demand for oil.

Mr. Lukman, who is also Nigeria's oil minister, was speaking on his arrival from an official visit to Jamaica. He estimated that demand for oil from the Organization of Petroleum Exporting Countries was 17.1 million barrels per day.

Last Week's Markets

Table with columns for Stock Indices (United States, DJ Industrials, etc.) and Money Markets (Discount rate, Federal funds rate, etc.).

Currency Rates

Table with columns for Cross Rates (Austrian, Brussels, Frankfurt, etc.) and Other Dollar Values (Austria, Belgium, etc.).

Funaro Arrives In Tokyo on Last Stop of Mission

The Associated Press TOKYO — Brazil's finance minister, Dilson Funaro, arrived Sunday in Tokyo on the last leg of a seven-nation trip to discuss Brazil's debt payment problems.

Japanese officials said Mr. Funaro would meet Monday with his Japanese counterpart, Kiichi Miyazawa, and with Foreign Minister Tadashi Kuranari. A meeting with commercial bankers and the minister of international trade and industry, Hajime Tamura, is scheduled for Tuesday, and Mr. Funaro is expected to leave for Brazil that night.

U.S. Protests Canada's Duty on Corn

Compiled by One Staff From Dispatches WASHINGTON — Canada's unprecedented move to impose a permanent duty on imports of U.S. corn has provoked protests from top U.S. officials.

The decision announced Friday by Canada's import tribunal in Ottawa is believed to be the first time a countervailing duty has been imposed on a U.S. product because of alleged unfair trade practices. Clayton K. Yeutter, the U.S. trade representative, called the decision "totally unjustified" and said it could lead to a rash of similar protectionist moves in other countries.

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Advertisement for JET AVIATION, featuring a Special People, serving Special People slogan and listing various aircraft services.

NASDAQ National Market

OTC Consolidated trading for week ended Friday, Mar 6

Table with columns: Symbol, 100s, High, Low, Close, Net Chg. Includes sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Table with columns: Symbol, 100s, High, Low, Close, Net Chg. Continuation of NASDAQ National Market data.

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Mutual Funds - Figures as of close of trading Friday, Mar 6. Includes sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Mutual Funds - Figures as of close of trading Friday, Mar 6. Continuation of Mutual Funds data.

Mutual Funds - Figures as of close of trading Friday, Mar 6. Continuation of Mutual Funds data.

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Seiza The International News. Logo and text.

New International Bond Issues

Compiled by Laurence Desvillettes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price and week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

New Soviet Loan Cuts Cost Without Cutting Profit

By Carl Gewirtz International Herald Tribune PARIS — The Soviet Union returned to the international credit market last week with an artfully constructed loan that established a new low rate of interest without cutting the profit for lenders.

At first glance, Vneshtorg, the government bank for foreign trade, succeeded in driving down its borrowing cost by setting the interest rate at 1/4 point over the London interbank offered rate. Previously, the state bank had paid a split margin to borrow eight year funds, 1/4 point margin for five years and 1/4 point in the final three years.

Now it is offering to pay only 1/4 point throughout for a \$200 million, eight-year loan.

In fact, bankers say, there is virtually no change. The new loan is actually shorter and the commission paid to lenders higher, giving banks a return that is about equal to what they earned on the previous transaction in October.

The new fee is 35 basis points, or 0.35 percent, compared with the 25 basis points paid last year. In addition, the previous loan was a so-called bullet, payable in one lump sum at final maturity. Repayment on the new loan starts after the sixth year, giving an average life of seven years.

This means the banks earn 1/4 point less for two years in return for a higher front-end fee of 10 basis points. Bankers calculate that the income they can earn deploying that higher fee in other business

just about equals what they give up by cutting the margin.

The apparent Soviet strategy is aimed at getting lenders accustomed to the lower interest rate without asking them to accept an actual reduction in charges. That

presumably will come in the next operation, when the most visible part, the 1/4 point margin over Libor, will have been established as the benchmark.

At the same time, Vneshtorg is seeking to increase the \$150 million bankers' acceptance facility established last September. Banks are being asked to commit for an additional \$100 million, all of which is aimed to provide short-term trade finance.

Vneshtorg will pay the banks an annual facility fee of 10 basis points on the full amount, irrespective of whether any drawings are made. Banks participating in the facility are to be invited to propose borrowing terms through a tender panel but are committed to providing cash at a maximum cost of 15 basis points over the acceptance commission rate.

Last week, the Organization for Economic Cooperation and Development reported that the Soviet Union, like its East European allies, would be forced to borrow increasingly on the international market to finance Western imports because all are losing market share in international trade and are un-

able to earn the hard currency to pay for imports.

Unless this trend can be arrested, the OECD said, these countries will have to choose between allowing foreign borrowing to rise to levels that neither the countries themselves nor their lenders may find acceptable or sacrificing goals of growth and investment by cutting Western imports.

In the commercial paper market, some bankers report that their appetite for new business is diminishing.

"You get to a certain level," one dealer said, "where in order to take on new business you have got to take on additional staff." But the current level of profitability making such paper is not sufficient to justify that expansion, he said.

Nevertheless, there is general agreement that investor appetite continues to grow.

The latest entrant into the market is Philips NV of the Netherlands, making its first foray into this segment of the credit market. It has appointed Bankers Trust, Citicorp, Credit Suisse First Boston and Swiss Bank Corp. to market up to \$300 million of Eurocommercial paper.

Kyowa Bank Ltd. of Japan appointed Chase Manhattan to arrange a certificate of deposit program for up to \$100 million. The paper will have maturities of one, three and six months.

The facility is divided into two sections, committed and uncommitted. The committed portion has notes were priced to yield 20 basis points over the Treasury curve, in line with the yield on the company's existing three-year issue. But when the new issue hit the market the outstanding paper dropped in price to yield 28 basis points over the curve and the price of the new issue dropped to the same level.

Nevertheless, lead manager Swiss Bank Corp. said it saw good demand from Switzerland and the Midwest.

GMAC priced its \$300 million of three-year notes at 48 basis points over the Treasury curve, but bankers said another 10 basis points was needed to be attractive. This issue also traded outside the fees paid to underwriters.

The least well-received of the dollar issues was Fiat Finance & Trade's. The four-year notes were offered to yield 65 basis points over the U.S. Treasury yield—regarded as far too low. Offered at 10 1/8 bearing a coupon of 7 1/2 percent, the notes ended down 2 1/2 points, well outside the underwriting fees of 1 1/2 points. The two-year currency warrants, priced at \$45, to buy

a maturity of five years and carries an annual facility fee of 5 basis points. Drawings under this facility will yield a margin of 5 basis points over Libor plus a utilization fee of 5 basis points if more than half the amount is used.

Under the uncommitted facility, Kyowa may request a tender panel of banks to bid for CDs. Each tender panel member also has the right to present direct bids to Kyowa.

Den Danske Bank of Denmark appointed Salomon Brothers to market up to \$200 million of short- and medium-term CDs.

The Italian savings bank Cassa di Risparmio di Roma is seeking to raise \$100 million through the sale of CDs. It has named Chase and Swiss Bank Corp. as dealers.

In the sterling market, Industrial Bank of Japan's London branch said it is establishing a CD issuance program for up to £200 million.

Rank Organization appointed County NatWest, Samuel Montagu and Swiss Bank Corp. to market up to £100 million of CP.

In the syndicated loan market, Chase Manhattan reported that renegotiation of Sweden's standby facility was completed last week with 46 banks agreeing to lower terms on a smaller amount. The quick oversubscription of this renegotiation may calm talk of an impending hardening of bank loan charges that was triggered by the resistance Electricite de France ran into renegotiating its \$1 billion facility last month.

On Friday, the bellwether 7 1/2 percent Treasury bond due in 2016 opened at 99 31/32, down from 100 20/32 on Thursday. It closed at 99 28/32, for a yield of 7.51 percent, while the 7 1/4 percent issue due in 1996 ended at 100 9/32, off 18/32, to yield 7.20 percent.

Among shorter securities, the Treasury's new two- and five-year issues were offered at prices slightly higher than the averages set at the previous week's auctions. The 6 1/4 percent two-year issue fell 5/32, to 99 24/32, to yield 6.39 percent, while the 6 1/2 percent five-year issue was at 99 12/32, off 11/32, to yield 6.76 percent.

Among Treasury bills, the three-month bill rate rose to 5.65 percent, while the six-month bill advanced to 5.67 percent.

Data on Jobs Lower Hopes For Rate Cut

New York Times Service NEW YORK — Better-than-expected U.S. unemployment data have dampened hopes for lower interest rates that had been raised by negative reports on factory orders and leading economic indicators.

Interest rates rose and prices fell across a broad front in the credit

markets on Friday, as the unemployment figures proved disappointing to dealers and traders.

The Labor Department reported that the U.S. unemployment rate remained at 6.6 percent in February, the same as in January and December. In addition, the rise in nonfarm employment was almost double most predictions, and the factory workweek rose to 41.2 hours, its highest level in more than 20 years.

Earlier in the week, optimism on rates had been buoyed by reports of a 4 percent decline in factory orders and a 1 percent drop in the index of leading economic indicators in February.

But Theodore Tung, an economist at the National City Bank of Cleveland, said: "The workweek and factory employment statistics indicate that improved industrial production figures will be reported next Friday, which would make an easing of interest rates by the Fed less likely."

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U.S. Consumer Rates table with columns: Month, Rate. Includes items like Postbank Service, Tax Exempt Bonds, Bond Buyer 30-Bond Index, Money Market Funds, Dow Jones 30-Day Average, Bank Money Market Accounts, Bank Rate Monitor Index, Home Mortgages, FHLS average.

EUROBONDS: Selective Demand for U.S. and Canadian Dollar Issues

(Continued from first finance page) General Electric Credit Corp., McDonald's Corp. and Monte Dei Paschi di Siena, the Italian banking group.

While bankers said there was increasing interest in Canadian dollar paper they admitted it was not going into the new issues offered last week. The first zero-coupon bond ever in this sector, called Canada Zero, was packaged by CIBC Ltd. The Canadian bank used Canadian government bonds stripped of interest payments to market 14-year bonds priced at 300 dollars that will be redeemed at 1,000 dollars. The capital gain at repayment is equivalent to an annual rate of interest of 9.31 percent—a level most analysts regarded as too stingy.

As for the U.S. dollar sector, only two issues drew a favorable response. Saab-Scania sold \$150 million of five-year notes at a price of 101 1/8 bearing a coupon of 7 1/4 percent. At the offering, and less the full underwriting fees of 1 1/2 percent, the paper for the Swedish aircraft and automobile manufacturer yielded 94 basis points, or 0.94 percent, over the yield on comparably dated U.S. government paper.

Although the company's debt is not rated, the margin over the U.S. Treasury yield was considered generous for a household name that investors regard highly.

IBM Credit Corp. and General Motors Acceptance Corp. attempted to fill the market's desire for short-dated paper, but the terms offered were considered skimpy. IBM's \$300 million of three-year

notes were priced to yield 20 basis points over the Treasury curve, in line with the yield on the company's existing three-year issue. But when the new issue hit the market the outstanding paper dropped in price to yield 28 basis points over the curve and the price of the new issue dropped to the same level.

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Exxon Finds Some Bonds Are Forged

United Press International NEW YORK — Exxon Corp. has uncovered forgeries of zero-coupon notes issued by Exxon Capital Corp. in the Eurodollar market.

Exxon, the world's No. 1 oil company and second largest industrial company, said about 1,900 notes with an aggregate face value of \$19 million and a market value of about \$4 million have been identified as forgeries. The notes are due Nov. 15, 2004.

An Exxon spokesman said Friday that the forged notes are bearer securities, meaning the person in possession is assumed to be the owner.

Most of the legitimate notes are recorded in book-entry form but investors should be warned that the forgeries are circulating and to have any such notes they hold authenticated, Exxon said.

It said the forgeries are being investigated by Morgan Guaranty Trust Co., the paying agent for the issues; Euro-Clear and Cedel, the two major European securities clearing systems, and police in London and Brussels.

Exxon said Euro-Clear "has examined to its satisfaction all notes physically" at its Morgan Guaranty depository in London and "is pursuing the examination for authenticity of new deposits of these notes as they enter the Euro-Clear system."

Exxon said Cedel was reviewing all the notes within its system. At Exxon's direction, Morgan Guaranty is ready to validate any notes in order to establish their authenticity.

Market-Minded Investment Strategies Nikko Securities Announces Expansion of Its European Network New Representative Offices in Milan and Madrid

Our new representative offices in Milan and Madrid will initiate operations on March 9, 1987 to provide added services to international clients. With the opening of representative offices in these two cities, Nikko's international network rises to a total of 21 locations.

While our association with clients in Milan and Madrid already has a considerable history behind it, the opening of our new representative offices marks a new chapter in our commitment to better serving clients in these important markets.

The expansion of our network brings Nikko's expertise and resources even closer to clients. Few others can match our broad-ranging capabilities in research, for example, and our market-minded perspective has made us one of the leading capital market traders and investment banks worldwide.

We are continuing to build an around-the-clock trading capability with seats on the Tokyo, London, New York, and other major securities and futures exchanges. Backed by Nikko's network, comprehensive services, and professionals around the world, our new locations in Milan and Madrid will play an increasingly important role in providing responsive international services.

NIKKO Nikko Securities

Milan Representative Office: Chief Representatives—Kazuo Mayuzumi, Yoshiaki Ezura Via Conservatorio 22-20122, Milan, Italy Tel: 02-77291 Telex: 333840 Madrid Representative Office: Chief Representative—Yuichi Takabatake Paseo de la Castellana, 31, Madrid, Spain

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SELECTED U.S.A./O.C. QUOTATIONS table with columns: Bid, Ask. Includes items like Bitter Corp., Chiron, GoodMark Foods, MAG Holdings, NAVAIR, Spectrolyne.

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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table of NASDAQ National Market data, including columns for Sales in 100s, High, Low, Close, and Net Change. Lists various stocks like AMCO, AMEC, AMET, etc.

Table of international stock market data, including columns for Sales in 100s, High, Low, Close, and Net Change. Lists various international stocks like BAX, BCI, BDF, etc.

BELL: Getting to Market... Goldman says... AT&T... Bell Labs... Mr. Bell... AT&T president... Bell Labs... AT&T... Bell Labs... AT&T... Bell Labs...

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Table titled 'Your Savings' showing subscription prices in various currencies (A.Sch., B.Fr., D.Kr., F.M., F.F., D.M., £, Dr., £hl., Lire, L.Fr., FL, N.Kr., Esc., Ptas., S.Kr., S.Fr., \$) for 12, 6, and 3 months.

* In these countries, hand delivery is available in major cities on publication date. For details and rates, please check here and fill in your address below.

Subscription form for International Herald Tribune. Includes fields for name, address, city, country, and telephone number. Also includes a coupon for saving more by subscribing before April 1, 1987.

Table titled 'Treasury Bonds' showing yields for various maturities (1, 2, 3, 5, 7, 10 years) and types (Fixed Rate, Floating Rate).

Table titled 'Euromarts At a Glance' showing market data for various European currencies and regions.

Table titled 'International Bond Prices' showing yields for various international bonds from different countries like Australia, Canada, Denmark, etc.

Table titled 'Yen Straights' showing yields for various Japanese government bonds.

Vertical text on the right edge of the page, including 'HYPER' and other fragments.

BELL: Getting to Market

(Continued from first finance page) Think the labs have a wonderful opportunity. But with the door open to them to impact the marketplace, we're really not seeing much.



Nobel prize winners: John Bardeen, left, William Shockley and Walter H. Brattain at Bell Laboratories in 1948.

Mr. Goldman sees a parallel between AT&T today and Xerox in the 1970s. Mr. Goldman was instrumental in founding Xerox's Palo Alto Research Center, perhaps the most creative computer research laboratory of the 1970s.

Yet Xerox never quite succeeded in capitalizing on its technologies, because of conflicting corporate priorities and the burdens of technology transfer.

AT&T and Bell Labs say they are working aggressively together to bring ideas to market far more rapidly and cost effectively.

Mr. Allen said he would grade the Bell Labs efforts at technology transfer a "solid B."

Mr. Allen said he would grade the Bell Labs efforts at technology transfer a "solid B."

Poland Makes All the Right Noises for IMF Relief

By Michael T. Kaufman New York Times Service WARSAW — The Polish government gave a nod of sympathy last week to Brazil but choked back any impulse to follow suit and suspend debt service payments.

Instead, the Poles are pinning their hopes for economic relief on tough discussions with the International Monetary Fund and the World Bank.

Polish officials agreed to reschedule the 1986 and 1987 to commercial banks. It was the second time that the debt, which is owed to around 600 Western banks, had been rescheduled.

One European diplomat who monitors Poland's economy noted that "in the matter of debt repayment as with so many other aspects of the Polish economy, what seems to be necessary often appears impossible."

At the moment, most economists here are concentrating on the debt burden as the most pressing of many related economic problems.

Poland owes about \$35 billion to Western countries and banks. The yearly interest runs to about \$3 billion, while the country's ability to pay, that is, hard currency earnings minus the cost of imports, runs to \$1.5 billion to \$2 billion. This

means that even with no new borrowing the total debt continues to grow.

Adhering to revised schedules for debt repayment is viewed by

economists here as the only way to restore Polish creditworthiness at a time when the removal of U.S. sanctions offers some renewed hope of investments and export credits from Washington.

President Ronald Reagan lifted remaining economic sanctions against Poland on Feb. 19, reducing tariffs on the importation of some Polish goods and enabling

Mr. Urban said that the government was committed to paring the subsidies paid to industries and consumers.

Some independent economists said that if Western standards of efficiency were to be used to determine solvency, a significant percentage of Polish companies would be forced to close.

Morocco Wins Delay on Debts To Governments

RABAT, Morocco — The Moroccan government's industrialized creditor nations have agreed to delay \$900 million of debt repayments originally due in the next 15 months, Morocco's news agency said Sunday.

The agreement, reached at a meeting Friday with 11 countries of the so-called Paris Club, allows Morocco to postpone over 10 years debts falling due from March 1987 to June 1988.

Morocco's difficulties with its \$14 billion foreign debt stem partly from a collapse in prices for phosphate, one of its major exports.

Wall Street Review

Table with columns for AMEX Most Actives and NYSE Most Actives, listing various stocks and their performance.

Table with columns for AMEX Sales and NYSE Sales, showing total sales for the week and year-to-date.

Table with columns for AMEX Diaries and NYSE Diaries, showing advanced, declined, unchanged, total issues, new highs, and new lows.

TWA: Airline Says New Proposal Will Meet Guidelines

(Continued from first finance page) ment would continue to consider TWA's request for approval of its purchase of USAir stock through an independent voting trust.

Meanwhile, industry sources said that Edward L. Colodny, the chairman and president of USAir, had been seeking to build his defense, with one source saying Mr. Colodny had talked with a senior

management official at Pan American World Airways about whether the two could combine. Pan Am, like TWA, is primarily an international carrier.

Mr. Icahn has said he might consider a merger involving all three air carriers.

David Shipley, a spokesman for USAir, declined to comment.

USAir has said TWA's bid is an attempt to interfere with its takeover of Piedmont Aviation Inc. for \$1.65 billion in cash and stock.

INVESTMENTS IN GERMANY

If your investment strategy includes multimarket diversification of assets, West Germany should rank high on your list of priorities. An increasing number of cross-border investors - both institutional and private - are profiting from this market of expanding international importance.

And more and more investors are benefiting from the sound advice and investment skills of Bayerische Hypotheken- und Wechsel-Bank, Germany's oldest publicly-quoted bank - founded in 1835 - and one of its leading issuing houses.

Hypo-Bank's research capacity is extensive, and stems from its intimate knowledge of German corporations, especially in dynamic Southern Germany. Expert teams of researchers, securities analysts, economists and portfolio managers pool their long experience and market knowhow to provide domestic and international clients with the finest in performance-oriented investment decision-making.

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Kokusai Securities Co., Ltd. takes pleasure in announcing the opening of its wholly owned subsidiary company, Kokusai (Switzerland) Limited at Schützengasse 25 8001 Zürich on 9th March, 1987. Telephone: (01) 221 14 40 Telex: 814462 (KOSE CH) Telefax: (01) 221 23 53 Managing Director: Narutsune Kano KOKUSAI SECURITIES CO., LTD. TOKYO, JAPAN Telephone: (03)348-7211 Telex: J24172 (KOKUSAI J)

SPORTS

Drechsler, 4 Others Set Indoor Track Marks

INDIANAPOLIS — Five records have fallen at the first world indoor track and field championships here...

When the second false start was first called against Johnson, he walked disconsolately around the infield of the track...

In the men's 5,000-meter walk, a professional recognition of Schennikov's world mark of 18:27.79...



Schemnikov, at the end of his brisk walk.

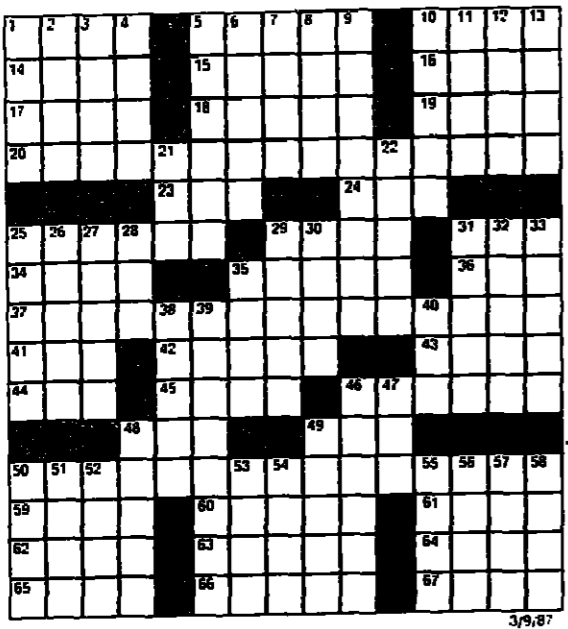
SPORTS BRIEFS

Zurbriggen Wins World Cup Downhill Title
ASPEN, Colorado (Combined Dispatches) — Pirmin Zurbriggen led a Swiss sweep of the top three places to win a downhill race here Saturday...

Langer 2-Shot Leader in U.S. Golf Tourney
CORAL SPRINGS, Florida (AP) — Bernhard Langer contended successfully with a rain-delayed start, slow play and his own erratic putting to maintain a two-stroke lead after Saturday's third round of the Coral Springs golf tournament...

Clemens Walks Out
WINTER HAVEN, Florida (AP) — Roger Clemens of the Boston Red Sox, the American League's most valuable player and Cy Young Award winner, failed to report on Saturday, 24 hours after walking out in a salary dispute...

Solution to Friday's Puzzle
ABEL SHEAF IMAM
RANI CAPRA MULE
MATTERHORN PTAS
SLEEVE SATIATES
REEF SAALE
REMANDED INERTS
OVETE REELS LAT
ROTE CALMS VAISE
TIRT SALVE DENTE
CAESAR ENGENDER
RENDS DATE
CONCEALS PEWEWE
OBIT MITTERRAND
POCO OGLER ECTO
SEHR MODDS DOOM



ACROSS
1 Gypsy
5 Driving force
10 King of Aida
14 Away from the gusts
15 Late, in Siena
60 Type of type
61 Portal
17 Cauterize
18 Church
Instrument
19 On the briny
20 Windy-day advice
23 — Moinen
24 Opposite of arr.
25 Astonishes
29 President of Albania
31 Possesses
34 Like Silver's rider
35 Patron
36 Unit
37 Mitchell masterpiece
41 Canon follower
42 Pierre's notions
43 Large land mass
44 Harrison or Reed
45 Retreats
46 Weasel's cousin

WORLD STOCKS IN REVIEW / Via Agence France-Press
Amsterdam
Trading on the Amsterdam stock exchange turned stronger late last week under the influence of year-end company results.

Milan
Uncertainty surrounding Italy's political stability after the resignation of Prime Minister Bettino Craxi last week made investors wary, and Milan stocks edged downward in light trading.

Paris
The Paris Bourse soared to record heights last week, as the CAC index reached a new peak of 447.7 on Thursday before ending the week at 442.2 on Friday, against 429.1 a week earlier.

Frankfurt
Share prices on the Frankfurt stock exchange gained 2 percent last week, with the Commerzbank index gaining 42.9 points to finish at 1,754.6.

Hong Kong
A week of hectic trading at the Hong Kong stock exchange ended Friday with much of the stock taken off the Hang Seng index.

London
Although continued pre-budget optimism and a promising economic outlook initially boosted equities last week on the Stock Exchange, profit-taking and the Bank of England's apparent reluctance to signal lower interest rates overshadowed the tone.

Zurich
The Zurich stock exchange showed a modest gain last week, a trend analysts said could continue provided the dollar does not plunge.

PEANUTS
ALL RIGHT, MEN, THIS IS GOING TO BE A LONG HARD MARCH...
FORT ZINDERNEUF IS AT LEAST A HUNDRED MILES AWAY... ARE THERE ANY QUESTIONS?

BLONDE
MY BOSS IS THE CHEAPEST MAN ALIVE...
MINE IS CHEAPER...
MINE IS THE BIGGEST EGOMANIAC...
AFTER HE'S HE'S!

BETLE BAILEY
NO MATTER WHAT SARGE DOES, BEETLE KEEPS COMING BACK...
YEAH...
THAT'S THE SPIRIT THAT MADE AMERICA GREAT

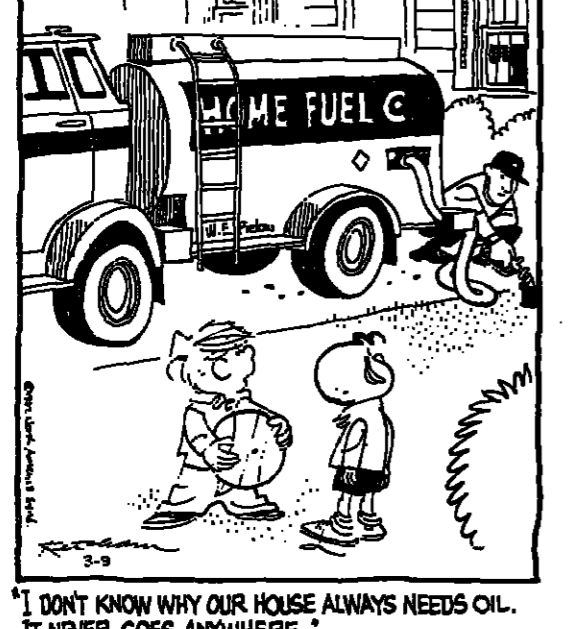
ANDY CAPP
I'LL SWITCH IT OFF TALK, MUM...
DON'T BOTHER...
FUNNY HE'S WATCHING IT, GO-IT'S ABOUT HIS LEVEL...
SHE'S ONE OF THOSE WHO CAN'T TELL PEOPLE WHY THEY DON'T

WIZARD OF ID
WE'VE TIGHTENED UP THE SECURITY, SURE...
IN CASE OF TROUBLE, JUST PULL THIS CORD AND THE GUARDS WILL ARRIVE...
HOW FAST WILL THEY GET HERE?
HOW WELL HAVE YOU BEEN TREATING THEM?

REX MORGAN
HAVING TOLD ELLEN GRADY THAT HER FATHER-IN-LAW WILL REQUIRE SURGERY, JUNE GALE IS SURPRISED BY HER UNEMOTIONAL, BUSINESS-LIKE RESPONSE...
WHY CAN'T MY MOM GET HOME BEFORE TOMORROW, MISS GALE?
SHE HAS TO STOP OFF IN PITTSBURGH FOR A FEW HOURS BEFORE COMING BACK...
DIDN'T SHE REALIZE HOW SICK GRANDDAD IS? IT DOESN'T EVEN TAKE TWO HOURS TO FLY HERE FROM CHICAGO...
IT'S TOO LATE FOR HER TO LEAVE TONIGHT, JOANIE. GO ON UP TO BED!

GARFIELD
GARFIELD, YOU NEED MORE VEGETABLES IN YOUR SYSTEM...
HERE, HAVE SOME SPINACH...
OH-NO!
GASP! CHOKER! COUGH! STOP BEING SO MELODRAMATIC, GARFIELD

DENNIS THE MENACE



I DON'T KNOW WHY OUR HOUSE ALWAYS NEEDS OIL. IT NEVER GOES ANYWHERE.

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA. It lists cities and weather conditions like High, Low, Partly cloudy, etc.

MONDAY'S FORECAST — CHIANNA: Moderate, FRANKFURT: Partly, Temp. 1-5 (31-21), LONDON: Rain showers, Temp. 5-11 (41-51), MADRID: Overcast, Temp. 17-23 (63-73), MILAN: Partly cloudy, Temp. 13-18 (55-64), PARIS: Partly cloudy, Temp. 11-16 (52-61), ROME: Partly cloudy, Temp. 12-18 (54-64), TEL AVIV: Partly cloudy, Temp. 18-23 (64-73), TOKYO: Partly cloudy, Temp. 13-18 (55-64), HONG KONG: Partly cloudy, Temp. 18-23 (64-73), MANILA: Partly cloudy, Temp. 23-28 (73-82), SINGAPORE: Partly cloudy, Temp. 23-28 (73-82), SEOUL: Partly cloudy, Temp. 13-18 (55-64), YOKOHAMA: Partly cloudy, Temp. 13-18 (55-64).



CHIVAS What word best describes it?

هك زامن التحول

Scoreboard section containing various sports results, including basketball and tennis scores, and names of players and teams.

